

REGIONAL QUARTERS RENTAL SURVEY

COVERING

GOVERNMENT-FURNISHED QUARTERS

LOCATED IN

AMERICAN SAMOA SURVEY REGION

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I. SURVEY BACKGROUND

The Quarters Management and Information Systems (QMIS) Office coordinated a contractor-conducted field survey of the private rental housing market in American Samoa during the month of June, 1997. This survey was undertaken as specified in the Office of Management and Budget (OMB) Circular No. A-45, "Rental and Construction of Government Quarters", dated October 20, 1993. OMB Circular A-45 provides for reconfirmation of the market based rental rates at least once every five years, or sooner, if conditions warrant.

In response to a request from the FAA (Federal Aviation Administration), a QMIS representative visited American Samoa to assess the feasibility of using the OMB-preferred survey method to establish rental charges for FAA family housing occupied by Federal civilian employees. In May, 1996 the QMIS representative met with staff of the FAA and with utility company officials. Different types of FAA and private sector houses were inspected.

At the conclusion of the visit, it was determined that the survey method could be used to establish the rental charges for the FAA civilian-occupied housing. One unusual aspect of the Samoan rental market is the relationship between the Starkist Tuna company and the Ottoville Development Corporation. Starkist Tuna has entered into special contractual arrangements with the locally owned Ottoville Development Corporation to build employee housing. Thus, the rents set by these agreements are not "arms length" transactions. OMB Circular A-45 distinguishes comparable housing from housing rented ". . . for which other considerations may have influenced the rental rates." Therefore, rentals owned by the Ottoville Development Corporation and rented by Starkist employees were excluded from consideration. The gathering of American Samoa comparables, the collection and analysis of rental housing data were accomplished employing methods similar to those used in previous surveys. Automated and manual analytical procedures were used to establish base rental rates for houses.

The objective of regional surveys, as set forth in OMB Circular No. A-45, is to develop reasonable rental rates based upon the ". . . typical rental rates for comparable private housing in the general area in which the Government quarters are located. . .". The policy set forth in OMB Circular A-45 is as follows:

"Rental rates and charges for Government quarters and related facilities will be based upon their "reasonable value...to the employee...in the circumstances under which the quarters and facilities are provided, occupied, or made available."...reasonable value to the employee or other occupant is determined by the rule of equivalence; namely, that charges for rent and related facilities should be set at levels equal to those prevailing for comparable private housing located in the same area, when practicable..."

The regional survey method uses regression analysis techniques to establish a base rental rate for a given type of quarters that reflects the typical rate for that type of housing in the survey area. Regression analysis allows the QMIS Office to establish adjustments that reflect: (1) the contributory value (+ or -) of housing features that the private rental market indicates are significant; and (2) relevant social and economic factors that are manifested in the rent levels of individual communities. In particular, the impact of significant recreational or industrial uses (ski areas, lakes, mining, etc.) can be assessed and compared within the region.

Because regression analysis permits assessment of (and adjustment for) different locations, as measured by market rents, several localities or states can be surveyed at a time to minimize data collection costs; and the rates can be individualized for communities significantly at variance with the regional rent pattern.

The resulting product (finalized rental rates), when derived from carefully applied automated statistical analysis, provides a logical and equitable base rental rate structure supported by the market rental rate pattern of the region and the community.

II. INVENTORY OF GOVERNMENT-FURNISHED QUARTERS

This survey was initiated with an inventory of Government-furnished quarters (GFQ) managed by the FAA.

Most agencies and bureaus are now using the QMIS database software to manage their inventories. This software was developed by the QMIS office in Denver. The database software allows an installation or region to maintain their own housing inventory. Rents can be calculated in just minutes, even for hundreds of quarters. This decentralized system provides local control of the housing inventory. As always, the key to accurate rents is accurate, up-to-date inventory information. Software with the new housing rental rate formulas and new utility rates are distributed from Denver whenever new regional surveys are conducted or at CPI time. If you do not receive new CPI software by approximately January 1st of each year, please contact the QMIS office (303-969-7240). It is important that all agencies and bureaus send us at least once a year (on diskettes or via electronic mail) updates to their housing inventories. This information is used to determine the communities and characteristics to be sampled in new Regional Surveys. The information is also used for various general management reports.

III. CONTRACTING FOR THE PRIVATE RENTAL SURVEY

A. DETERMINATION OF THE COMMUNITIES TO BE SURVEYED

Selection of the communities to be surveyed was initiated with a review of the nearest established communities identified in the quarters inventory process. Their geographic locations and populations were determined to enable selection of established communities nearest to concentrations of Government housing.

Inclusion of these communities enables a comparison of the community rental rate structure with that of the survey region. This permits a ready determination of whether the local or the regional rental rate structure should be utilized to establish the GFQ base rents. A complete discussion of this process is contained in section IV of this report.

The communities from which the comparables (samples) were taken are shown in Table 1, below. In accordance with OMB Circular A-45, communities with 1990 census populations below 1,500 were not analyzed.

TABLE 1 COMMUNITIES SURVEYED

<u>STATE AND COMMUNITY</u>	<u>1990 CENSUS POPULATION</u>
American Samoa	46,773

B. DETERMINATION OF THE HOUSING CLASSES TO BE SURVEYED

In order to determine which housing classes to survey, the inventory data for the agencies participating in the QMIS system were separated into housing classes shown in Table 2, below. Analysis of the data revealed the following numbers of units per housing class:

TABLE 2 GOVERNMENT FURNISHED QUARTERS - (BY HOUSING CLASS)

Housing Class	# of Units	Avg. Age	Age Range	Avg. SQFT	SQFT Range
Houses					
4+ Bedrooms	7	22		1,752	
3 Bedrooms	4	32		1,460	
TOTAL UNITS	11				

Houses were selected for field survey and computer analysis. The contractor was instructed to select comparables, built to Housing and Urban Development (HUD) minimum housing standards, wherever possible. The number of observations obtained for each housing class in each community surveyed varied depending upon the number of Government quarters of that class nearby. The inventory data for each of the housing classes was analyzed to determine frequencies and age and size ranges for major construction elements. The information in Table 2 was used to guide the contractor in the conduct of the survey.

C. HEATING FUELS AND UTILITY CHARGE SURVEY

This section is not provided because tenants pay their own electric bills for appliances and air conditioning directly to a private utility company.

D. CONTRACTOR SELECTION

The FAA provided procurement support and project coordination for this private rental survey. Reimbursement for survey expenses was underwritten by the FAA.

The data for the American Samoa survey was gathered by Western Appraisal Services of Pago Pago, American Samoa. A total of 30 private rental housing comparables were sampled in American Samoa. No electrical service charges were collected since the FAA tenants pay their electric bills directly to the utility company.

IV. REGIONAL SURVEY PRINCIPLES AND PROCEDURES

A. SURVEY PRINCIPLES

The purpose of a regional survey is to determine and establish reasonable quarters rents, through an analysis of the market rents of comparable private housing in established communities nearest to concentrations of Government housing. The process of arriving at the base rent of a structure is influenced by real estate appraisal principles, statistical limitations, and administrative considerations. Often there may be a conflict among these three interests which necessitates a trade-off.

1. Real estate appraisal principles include matching comparables as closely as possible to the specific subject properties in physical characteristics and location, and adjusting in a logical direction for all significant differences.

2. Statistical principles involve: (a) trying to minimize the standard error of the estimate (unexplained variation); (b) getting a good match of characteristics between the properties analyzed and those the analysis is applied to; (c) obtaining a large and diverse sample; and (d) making adjustments for factors that are significant in explaining variation. Ideal samples may not always be available in the market; and the market search may be limited (like an appraisal) because of time and budget constraints.

3. Administrative considerations recognize that Government housing is usually not located in established communities, and that physical characteristics (such as in historical houses, one-room cabins, lookouts or dormitories) are difficult to match in the market. Government quarters are often found in areas influenced by tourism or boom/bust natural resource development that may produce unreasonable rents. Consistency and relative reasonableness, as well as time and budget constraints, must also be taken into consideration.

While trade-offs among these three considerations may result in a less than ideal application of any one of the three principles, the goal is still to produce "reasonable" Monthly Base Rental Rates for quarters that are relatively consistent with the local market rents for similar housing; internally consistent and logical from one unit to another; and represent reasonable value to the employee.

B. MULTIPLE REGRESSION PROCEDURES USED IN RENTAL RATE COMPUTATIONS

There are several reasons for using the regional survey method to arrive at quarters rental rates. These include accuracy, consistency, fairness, cost effectiveness/economy, and the provision in OMB Circular A-45, that regional surveys are the preferred method.

Prior to the use of the regional survey method, quarters Monthly Base Rental Rates (MBRR's) were reset every five years by individually appraising each quarters unit. The appraisal process normally relied upon the use of a small number (2-4) of comparables for each subject Government quarters unit and made logical or market abstracted adjustments to each comparable. In many instances the same comparables were used to establish rental rates for several quarters. Thus the selection of comparables became critical. Individualized appraisals often led to inconsistencies among units in the same area. Many times different agencies, managing similar or identical housing units in the same area, had substantially different rents after analyzing the same rental market. Appraisers valuing several different units using separate sets of comparables and adjustments can also sometimes arrive at rents not logically related to one another. Finally, the appraisal process required a considerable amount of travel, and individualized writing, typing and editing of appraisal reports, which was expensive and very time consuming.

Alternatively, the regional survey method relies upon much larger samples of comparables. These are analyzed, statistically, to objectively determine those factors that are significant in explaining variations in the adjusted rent of each class of comparables. Each class of comparables (houses, apartments and mobile homes) is analyzed separately to determine which locations and physical characteristics are important in explaining the differences in rents among individual rental units and communities. The computer program independently and objectively determines the best set of characteristics (formula) to explain the rental pattern. This formula varies for each survey region and housing class.

The rental rates are based upon an analysis of regional data and local data. The rents in all surveyed communities for each housing class are tested for statistical significance. All significant negative location adjustments are applied to the quarters using that community as their nearest established community. The statistical process used is called forward in-and-out, step-wise multiple regression analysis. It takes all of the variables considered and forms a matrix or grid showing how every variable is related to every other variable (cross-correlation matrix). In this phase of the analysis, significant inventory items relating to the dwelling structure are coded into the computer as variables to be tested for their impact, if any, on rent. The variable to be explained (in this case rent) is called the dependent variable, because its value is determined by that of the other (independent) variables.

In forward in-and-out step-wise multiple regression analysis, the independent variable that explains the most variation in the dependent variable (rent) is selected first by the computer and entered as Step One. The remaining variation is then recomputed, and the independent variable that explains the largest portion of the remaining variation is selected by the computer and entered as Step 2. As each new variable is added, the coefficients of all the previously entered variables are recomputed to take into account relationships among the independent variables. If a previously entered variable no longer meets the test of significance, it is removed.

As this procedure uses the variation squared, it is highly sensitive to cases with extreme variations from the norm. Since the purpose of a regional survey is to find the typical rent for housing with certain

characteristics, it is useful (and mandatory) to cull comparables with unusually high or low rents that are apparently unrelated to their characteristics. Such non-conforming rentals tend to obscure the typical pattern. To accomplish this culling, the following steps are normally taken.

Step 1. A listing of all the comparables is checked to see that the program has proper decodes, that no rental has been entered twice, and that the data is complete for each variable to be tested. The range for each rent class is also checked.

Step 2. Regression Run 1 (square foot base formula): The purified data base is analyzed for the best fit of adjusted rent versus square feet and the logarithm of square feet. This comparison is undertaken because square footage in buildings is generally the variable that explains the most variation of adjusted rent. It is also a universal variable (one that applies to all cases) and a continuous variable (one that changes in many small increments).

Step 3. A listing is produced which shows by community the rent/ predicted rent ratio of each private rental sample. The predicted rent is one computed using the square foot base formula derived in step 2. The purpose of this listing is to screen out individual rentals whose ratios are far out of line relative to other rental comparables in the same community.

Step 4. A scattergram of rentals for each class, showing adjusted rent by square feet, is produced to visually display the data. These scattergrams, and the listings produced in Step 3, above, are used to remove samples with unusually high or low rents in each size grouping. A separate variable for each of the remaining communities is then entered into the next step, the full regression analysis, to see if it has a statistically significant location adjustment after other adjustments have been made. Community variables are also entered as square foot combination variables. This run and a crosstab run of physical features allows for selection of other variables that are significantly represented and widely (geographically) distributed. These variables are turned into dummy (yes/no) and combination variables. Continuous and discrete variables are entered as simple variables, logarithmic transformations, and in logical combinations.

Step 5. (First Full Regression Run). The screened samples for each housing class to be analyzed, along with the variables to be tested, are analyzed to find coefficients for the significant ones. The results are checked for logic and cross-correlation; normally only one form of a variable is allowed to stay in the equation. Variables with illogical results are checked to find reasons for such deviation from expected results. Such variables are normally dropped from subsequent regression runs. Sometimes the samples containing such variables are culled; however, that action (culling samples) is uncommon.

Step 6. (Other Full Regression Runs). The full regression analysis is rerun without the illogical variables and/or dropped cases. If the end results look reasonable, the coefficients determined by regression analysis are used to compute Monthly Base Rental Rates (MBRR's) for individual Government-furnished quarters.

Step 7. (Predicted Rent Tables). The coefficients of each satisfactory regression run are put into a computer program which produces a table of predicted quarters MBRR's. The base values and all possible combinations of adjustments are reviewed to ensure the results are reliable for the full range of values. If not, the cause of the problem is diagnosed and corrected, and the regression analysis is rerun, producing a revised set of coefficients. Then Step 6 is repeated, and a new set of rent tables is produced.

V. ESTABLISHMENT OF MONTHLY BASE RENTAL RATES (MBRR).

A. USE OF BASE RENT CHARTS

Although rental computations have been automated, producing Monthly Base Rental Rates (MBRR's) and final Net Rents for most quarters, housing managers should understand the methodology used in determining the rental rates. Therefore, a set of charts has been prepared to allow the manual computation of the MBRR's for each class of rental housing. The charts have been constructed as size/age tables for the three major categories of housing (houses, apartments and mobile homes). By knowing the gross square feet of the livable area (size), the age, and the housing class of a building being used as quarters, one can determine the base rent from the proper table. The charts also contain columns and/or footnotes of rent adjustments which modify the rent from the size/age table to produce a MBRR for an individual quarters unit. **The value of one refrigerator and one stove is included in the Tables 3a-d.** Therefore, if the Government does not provide a refrigerator or a range in the quarters, the value of each non-provided appliance should be subtracted from the monthly rent. The current values of a refrigerator and range are shown in Table 5 of this report, and may be adjusted annually by the QMIS Office to reflect changes in the Consumer Price Index (CPI) which may occur following the issuance of this report. In selecting the appropriate rent table, it is important to remember that the **design of the quarters, not its use, determines its category.** Thus, a house or an apartment unit **designed** to be occupied by an individual or a family, but which is actually used to house unrelated individuals, would be valued by the category for which it was designed to be used, rather than as a bunkhouse/ dormitory. Where, however, a structure is not designed for occupancy by an individual, or family, or has been substantially modified to house individuals on a dormitory basis, it would be appropriate to apply bunkhouse/dormitory rates. Thus, an unmodified three-bedroom house with a **planned occupancy** of six unrelated individuals (normally two persons per bedroom) would have a rental rate determined by calculating the rental rate for a three-bedroom house and then dividing that rate by six. This rate would change if the number of **planned** occupants changed. If the house were later **structurally modified** to be used as a bunkhouse/dormitory, the rate then would be the dormitory rate.

Based upon information provided by the contractor, deductions from the monthly contract rental rate of each rental sample were made for the contributory costs of utilities, appliances, furnishings and services, provided and included in the contract rent. No deductions were made for central air conditioners, refrigerators or ranges; however, if a refrigerator or range was missing, the value was added to the adjusted rent. Central air conditioners are valued at their contributory value, if any. The resulting adjusted monthly contract rental rate represents the contributory value of the dwelling structure equipped with a refrigerator and a range.

The establishment of final monthly quarters rental charges for houses, apartments, mobile homes and cabins/lookouts requires the addition of charges for Government-provided utilities, services, appliances and furnishings. Conversely, **deductions** are required for the values of ranges and refrigerators when they are not provided by the Government.

There are a total of four rental rate charts: four charts for single-family housing. The use of the charts is fairly simple. First, find the chart for the category into which the GFQ fits. Next, round the square feet **down** to the nearest hundreds of square feet. Thus, if a unit has 980 square feet, the row labeled 900 SQFT would be used. Then the age should be rounded **up** to the nearest age increment. If the dwelling at issue

was built in 1976, its age would be computed as 1997 (the current year) minus 1976 (the year built). Thus, in this instance, the unit is $1997 - 1976 = 21$ years old; and the column headed by "25 YEARS OLD" should then be followed down to the 900 SQFT row to obtain the size-age adjusted rent.

The rent charts also have various location adjustments, as well as adjustments for physical features such as the number of bathrooms, the type of garage facilities, the condition of the housing, etc. These should be subtracted from, or added to, the size/age adjusted rent, as specified, to determine the MBRR.

When computing the final biweekly rent (netrent) to be paid, the MBRR must be adjusted to include the value of Government-provided related facilities (utilities, appliances, furnishings and services); and the administrative adjustments prescribed in OMB Circular A-45. Use Form DI 1880, Rent Computation Schedule, or similar form as may be used by agencies other than DOI.

Where a dwelling is larger than the highest square footage in the chart pertinent to that unit, use the size/age rent and adjustments of the bottom (largest SQFT) row. This may eliminate the need for some administrative adjustments due to excess size of the housing. If a dwelling is smaller than the smallest square footage, use the lowest square footage listed on the chart.

The rent for a dwelling with more than 4 bedrooms (3 bedrooms for apartments and mobile homes) is calculated as if the unit had 4 bedrooms (3 bedrooms for apartments and mobile homes). In addition, the carport charge is the same regardless of the size of the carport; the maximum garage charge is the amount for a 2-car garage; and the fireplace charge is the same for one or more fireplaces. For rental calculation purposes a "cap" of 7 rooms and 3 bathrooms applies. Therefore, assume a maximum of 7 rooms and 3 bathrooms when applying the room or bathrooms charge in the rent charts shown in tables 3a-d.

To assist in the calculation of quarters MBRR's, examples are provided in the following pages. While the rates appearing in the following tables should allow you to establish MBRR's for essentially all of your properties, we recognize that we might not have anticipated all situations and conditions. Therefore, housing managers should use professional discretion to set rates for truly unusual situations. In cases where you must use some other method to establish rates, please notify the QMIS Program Office, Bureau of Reclamation, Administrative Service Center (Code D-2910), 7301 West Mansfield Avenue, Lakewood, CO 80235-2230; telephone **303-969-7240**; fax 303-969-7166. You should explain the conditions, the rate used, and your reasoning so that we may anticipate such circumstances in the future. You should retain the documentation for such actions.

B. SINGLE FAMILY HOUSING

For single family detached houses, including plexed dwellings and townhouses, use the rental chart which appropriately describes the housing class and the number of bedrooms of the subject quarters. The charts for houses are in tables 3a through 3d.

Assume for example, a 4-bedroom, 6-room, 2-bath house, that was built in 1975, and which has a carport, a central refrigerated air conditioning system, and 1,752 gross square feet of living space. The house, located near Pago Pago, American Samoa is in fair exterior and interior condition.

First, the chart for three-bedroom, good condition, one bathroom, houses (Table 3a) should be located and used.

Next, the size (gross finished floor space) should be rounded **down** to the nearest 100 square feet (from 1,752 to 1,700 sqft). Under the column headed "**SQFT**", the figure 1,700 should be located. Further adjustments will be taken from this row.

Finally, the appropriate age column should be selected. The house in this example is $1997 - 1975 = 22$ years old. The age should be rounded **up** to the next highest age column, which, in this case, is the column headed "**25 YRS OLD**". Follow this column down to the 1,700 square feet row to obtain the size/age "table rent" of \$541.

The first adjustment is the extra bathroom charge. Follow the column headed "**PER EXTRA BATHROOM**" down to the 1,700 SQFT row to find a charge of \$58 for a full extra bathroom. As the house in this example has 1 full extra bathroom, the adjustment is \$58. Add \$58.00 to the rent.

The second and third adjustments are made for a fair exterior and a fair interior condition. Follow the column headed "**FAIR EXTERIOR/INTERIOR***" down to the 1,700 SQFT row. The amount reflects a deduction of \$15 for a house with a fair exterior **and** a deduction of \$15 for a house with a fair interior. Since both the exterior and interior are in fair condition, the total adjustment is \$-30.

The fourth adjustment is for the central refrigerated air conditioning system. The notes below the table (see "**STRUCTURAL ADJUSTMENTS**") provide that \$30 should be charged for central refrigerated air conditioning.

The fifth adjustment is the carport adjustment. The notes below the table (see "**STRUCTURAL ADJUSTMENTS**") provide that \$15 should be charged for a carport. Add \$15 to the rent.

The last step is to round the resulting MBRR to the nearest whole dollar. If rounding is to be exercised, amounts equal to \$.50 or more should be rounded **up** to the next highest dollar; amounts equal to \$.49 or less should be rounded **down** to the next lowest dollar. The decision to round is discretionary.

In summary, the adjustments that produce the Monthly Base Rental Rate for the house used in this example are shown below.

Table Rent (1,700 SQFT/25 yrs. old)	\$541.00
Extra Bath Adjustment	+ 58.00
Fair Exterior Condition Adjustment	- 15.00
Fair Interior Condition Adjustment	- 15.00
Central Refrigerated Air Conditioning Adjustment	+30.00
Carport	<u>+ 15.00</u>
Monthly Base Rent	\$614.00

Monthly Base Rental Rate	\$614.00
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TABLE 3a MONTHLY BASE RENT - GOOD CONDITION 4 BDR, 1 BATH, HOUSES

THE AMERICAN SAMOA QUARTERS MONTHLY BASE RENT CHART
FOR GOOD CONDITION 4 BEDROOM, 1 BATHROOM HOUSES

SQFT	5	15	25	35	45	55	75+	PER	EXCEL	FAIR	POOR
	YRS	YRS	YRS	YRS	YRS	YRS	YRS	EXTRA	EXTER	EXTER	EXTER
	OLD	OLD	OLD	OLD	OLD	OLD	OLD	BATH	-IOR/ ROOM	-IOR/ INTER	-IOR/ INTER
									-IOR*	-IOR*	-IOR*
700	\$627	\$567	\$507	\$447	\$387	\$327	\$327	\$+24	\$+20	\$-15	\$-20
800	\$630	\$570	\$510	\$450	\$390	\$330	\$330	\$+27	\$+20	\$-15	\$-20
900	\$634	\$574	\$514	\$454	\$394	\$334	\$334	\$+31	\$+20	\$-15	\$-20
1000	\$637	\$577	\$517	\$457	\$397	\$337	\$337	\$+34	\$+20	\$-15	\$-20
1100	\$640	\$580	\$520	\$460	\$400	\$340	\$340	\$+37	\$+20	\$-15	\$-20
1200	\$644	\$584	\$524	\$464	\$404	\$344	\$344	\$+41	\$+20	\$-15	\$-20
1300	\$647	\$587	\$527	\$467	\$407	\$347	\$347	\$+44	\$+20	\$-15	\$-20
1400	\$651	\$591	\$531	\$471	\$411	\$351	\$351	\$+48	\$+20	\$-15	\$-20
1500	\$654	\$594	\$534	\$474	\$414	\$354	\$354	\$+51	\$+20	\$-15	\$-20
1600	\$657	\$597	\$537	\$477	\$417	\$357	\$357	\$+54	\$+20	\$-15	\$-20
1700	\$661	\$601	\$541	\$481	\$421	\$361	\$361	\$+58	\$+20	\$-15	\$-20
1800	\$664	\$604	\$544	\$484	\$424	\$364	\$364	\$+61	\$+20	\$-15	\$-20
1900	\$668	\$608	\$548	\$488	\$428	\$368	\$368	\$+65	\$+20	\$-15	\$-20
2000	\$671	\$611	\$551	\$491	\$431	\$371	\$371	\$+68	\$+20	\$-15	\$-20
2100	\$674	\$614	\$554	\$494	\$434	\$374	\$374	\$+71	\$+20	\$-15	\$-20
2200	\$678	\$618	\$558	\$498	\$438	\$378	\$378	\$+75	\$+20	\$-15	\$-20
2300	\$681	\$621	\$561	\$501	\$441	\$381	\$381	\$+78	\$+20	\$-15	\$-20

ADDITIONAL ADJUSTMENTS:

STRUCTURAL ADJUSTMENTS:

GARAGE (PER CAR)	ADD	\$20	CARPORT	ADD	\$15
CENTRAL REFRIGERATED AIR CONDITIONING	ADD	\$30			

* - IF BOTH THE INTERIOR AND EXTERIOR ARE IN THIS CONDITION, APPLY THIS FACTOR TWICE.

REGARDLESS OF ADJUSTMENTS, THE MINIMUM BASE RENT IS \$215 PER MONTH.

THE APPROPRIATE CPI FACTOR SHOULD BE APPLIED AFTER COMPLETING THE ABOVE ADJUSTMENTS.

TABLE 3b MONTHLY BASE RENT - GOOD CONDITION 3 BDR, 1 BATH, HOUSES

THE AMERICAN SAMOA QUARTERS MONTHLY BASE RENT CHART
FOR GOOD CONDITION 3 BEDROOM, 1 BATHROOM HOUSES

SQFT	5	15	25	35	45	55	75+	PER	EXCEL	FAIR	POOR
	YRS	YRS	YRS	YRS	YRS	YRS	YRS	EXTRA	EXTER	EXTER	EXTER
	OLD	OLD	OLD	OLD	OLD	OLD	OLD	BATH	-IOR/ ROOM	-IOR/ INTER	-IOR/ INTER
									-IOR*	-IOR*	-IOR*
500	\$554	\$494	\$434	\$374	\$314	\$254	\$254	\$+17	\$+20	\$-15	\$-20
600	\$557	\$497	\$437	\$377	\$317	\$257	\$257	\$+20	\$+20	\$-15	\$-20
700	\$561	\$501	\$441	\$381	\$321	\$261	\$261	\$+24	\$+20	\$-15	\$-20
800	\$564	\$504	\$444	\$384	\$324	\$264	\$264	\$+27	\$+20	\$-15	\$-20
900	\$568	\$508	\$448	\$388	\$328	\$268	\$268	\$+31	\$+20	\$-15	\$-20
1000	\$571	\$511	\$451	\$391	\$331	\$271	\$271	\$+34	\$+20	\$-15	\$-20
1100	\$574	\$514	\$454	\$394	\$334	\$274	\$274	\$+37	\$+20	\$-15	\$-20
1200	\$578	\$518	\$458	\$398	\$338	\$278	\$278	\$+41	\$+20	\$-15	\$-20
1300	\$581	\$521	\$461	\$401	\$341	\$281	\$281	\$+44	\$+20	\$-15	\$-20
1400	\$585	\$525	\$465	\$405	\$345	\$285	\$285	\$+48	\$+20	\$-15	\$-20
1500	\$588	\$528	\$468	\$408	\$348	\$288	\$288	\$+51	\$+20	\$-15	\$-20
1600	\$591	\$531	\$471	\$411	\$351	\$291	\$291	\$+54	\$+20	\$-15	\$-20
1700	\$595	\$535	\$475	\$415	\$355	\$295	\$295	\$+58	\$+20	\$-15	\$-20
1800	\$598	\$538	\$478	\$418	\$358	\$298	\$298	\$+61	\$+20	\$-15	\$-20
1900	\$602	\$542	\$482	\$422	\$362	\$302	\$302	\$+65	\$+20	\$-15	\$-20
2000	\$605	\$545	\$485	\$425	\$365	\$305	\$305	\$+68	\$+20	\$-15	\$-20
2100	\$608	\$548	\$488	\$428	\$368	\$308	\$308	\$+71	\$+20	\$-15	\$-20

ADDITIONAL ADJUSTMENTS:

STRUCTURAL ADJUSTMENTS:

GARAGE (PER CAR)	ADD	\$20	CARPORT	ADD	\$15
CENTRAL REFRIGERATED AIR CONDITIONING	ADD	\$30			

* - IF BOTH THE INTERIOR AND EXTERIOR ARE IN THIS CONDITION, APPLY THIS FACTOR TWICE.

REGARDLESS OF ADJUSTMENTS, THE MINIMUM BASE RENT IS \$215 PER MONTH.

THE APPROPRIATE CPI FACTOR SHOULD BE APPLIED AFTER COMPLETING THE ABOVE ADJUSTMENTS.

TABLE 3c MONTHLY BASE RENT - GOOD CONDITION 2 BDR, 1 BATH, HOUSES

THE AMERICAN SAMOA QUARTERS MONTHLY BASE RENT CHART
FOR GOOD CONDITION 2 BEDROOM, 1 BATHROOM HOUSES

SQFT	5	15	25	35	45	55	75+	PER	EXCEL	FAIR	POOR
	YRS	YRS	YRS	YRS	YRS	YRS	YRS	EXTRA	EXTER	EXTER	EXTER
	OLD	OLD	OLD	OLD	OLD	OLD	OLD	BATH	-IOR/ ROOM	-IOR/ INTER	-IOR/ INTER
									-IOR*	-IOR*	-IOR*
300	\$481	\$421	\$361	\$301	\$241	\$181	\$181	\$+10	\$+20	\$-15	\$-20
400	\$485	\$425	\$365	\$305	\$245	\$185	\$185	\$+14	\$+20	\$-15	\$-20
500	\$488	\$428	\$368	\$308	\$248	\$188	\$188	\$+17	\$+20	\$-15	\$-20
600	\$491	\$431	\$371	\$311	\$251	\$191	\$191	\$+20	\$+20	\$-15	\$-20
700	\$495	\$435	\$375	\$315	\$255	\$195	\$195	\$+24	\$+20	\$-15	\$-20
800	\$498	\$438	\$378	\$318	\$258	\$198	\$198	\$+27	\$+20	\$-15	\$-20
900	\$502	\$442	\$382	\$322	\$262	\$202	\$202	\$+31	\$+20	\$-15	\$-20
1000	\$505	\$445	\$385	\$325	\$265	\$205	\$205	\$+34	\$+20	\$-15	\$-20
1100	\$508	\$448	\$388	\$328	\$268	\$208	\$208	\$+37	\$+20	\$-15	\$-20
1200	\$512	\$452	\$392	\$332	\$272	\$212	\$212	\$+41	\$+20	\$-15	\$-20
1300	\$515	\$455	\$395	\$335	\$275	\$215	\$215	\$+44	\$+20	\$-15	\$-20
1400	\$519	\$459	\$399	\$339	\$279	\$219	\$219	\$+48	\$+20	\$-15	\$-20
1500	\$522	\$462	\$402	\$342	\$282	\$222	\$222	\$+51	\$+20	\$-15	\$-20
1600	\$525	\$465	\$405	\$345	\$285	\$225	\$225	\$+54	\$+20	\$-15	\$-20
1700	\$529	\$469	\$409	\$349	\$289	\$229	\$229	\$+58	\$+20	\$-15	\$-20
1800	\$532	\$472	\$412	\$352	\$292	\$232	\$232	\$+61	\$+20	\$-15	\$-20
1900	\$536	\$476	\$416	\$356	\$296	\$236	\$236	\$+65	\$+20	\$-15	\$-20

ADDITIONAL ADJUSTMENTS:

STRUCTURAL ADJUSTMENTS:

GARAGE (PER CAR)	ADD	\$20	CARPORT	ADD	\$15
CENTRAL REFRIGERATED AIR CONDITIONING	ADD	\$30			

* - IF BOTH THE INTERIOR AND EXTERIOR ARE IN THIS CONDITION, APPLY THIS FACTOR TWICE.

REGARDLESS OF ADJUSTMENTS, THE MINIMUM BASE RENT IS \$215 PER MONTH.

THE APPROPRIATE CPI FACTOR SHOULD BE APPLIED AFTER COMPLETING THE ABOVE ADJUSTMENTS.

TABLE 3d MONTHLY BASE RENT - GOOD CONDITION 1 BDR, 1 BATH, HOUSES

THE AMERICAN SAMOA QUARTERS MONTHLY BASE RENT CHART
FOR GOOD CONDITION 1 BEDROOM, 1 BATHROOM HOUSES

SQFT	5	15	25	35	45	55	75+	PER	EXCEL	FAIR	POOR
	YRS	YRS	YRS	YRS	YRS	YRS	YRS	EXTRA	EXTER	EXTER	EXTER
	OLD	OLD	OLD	OLD	OLD	OLD	OLD	BATH	-IOR/ ROOM	-IOR/ INTER	-IOR/ INTER
									-IOR*	-IOR*	-IOR*
100	\$408	\$348	\$288	\$228	\$168	\$168	\$168	\$+10	\$+20	\$-15	\$-20
200	\$412	\$352	\$292	\$232	\$172	\$172	\$172	\$+10	\$+20	\$-15	\$-20
300	\$415	\$355	\$295	\$235	\$175	\$175	\$175	\$+10	\$+20	\$-15	\$-20
400	\$419	\$359	\$299	\$239	\$179	\$179	\$179	\$+14	\$+20	\$-15	\$-20
500	\$422	\$362	\$302	\$242	\$182	\$182	\$182	\$+17	\$+20	\$-15	\$-20
600	\$425	\$365	\$305	\$245	\$185	\$185	\$185	\$+20	\$+20	\$-15	\$-20
700	\$429	\$369	\$309	\$249	\$189	\$189	\$189	\$+24	\$+20	\$-15	\$-20
800	\$432	\$372	\$312	\$252	\$192	\$192	\$192	\$+27	\$+20	\$-15	\$-20
900	\$436	\$376	\$316	\$256	\$196	\$196	\$196	\$+31	\$+20	\$-15	\$-20
1000	\$439	\$379	\$319	\$259	\$199	\$199	\$199	\$+34	\$+20	\$-15	\$-20
1100	\$442	\$382	\$322	\$262	\$202	\$202	\$202	\$+37	\$+20	\$-15	\$-20
1200	\$446	\$386	\$326	\$266	\$206	\$206	\$206	\$+41	\$+20	\$-15	\$-20
1300	\$449	\$389	\$329	\$269	\$209	\$209	\$209	\$+44	\$+20	\$-15	\$-20
1400	\$453	\$393	\$333	\$273	\$213	\$213	\$213	\$+48	\$+20	\$-15	\$-20
1500	\$456	\$396	\$336	\$276	\$216	\$216	\$216	\$+51	\$+20	\$-15	\$-20

ADDITIONAL ADJUSTMENTS:

STRUCTURAL ADJUSTMENTS:

GARAGE (PER CAR)	ADD	\$20	CARPORT	ADD	\$15
CENTRAL REFRIGERATED AIR CONDITIONING	ADD	\$30			

* - IF BOTH THE INTERIOR AND EXTERIOR ARE IN THIS CONDITION, APPLY THIS FACTOR TWICE.

REGARDLESS OF ADJUSTMENTS, THE MINIMUM BASE RENT IS \$215 PER MONTH.

THE APPROPRIATE CPI FACTOR SHOULD BE APPLIED AFTER COMPLETING THE ABOVE ADJUSTMENTS.

VI. CHARGES FOR UTILITIES, APPLIANCES AND RELATED SERVICES.

A. BACKGROUND

Office of Management and Budget Circular A-45 requires that, whenever possible, utilities should be provided by a private company and billed directly to quarters occupants. Where Government-furnished utilities are provided, they should be metered or measured. When Government-furnished utilities are not metered or measured, consumption will be determined from an analysis of the average amounts of utilities used in comparable private housing in the nearest established community or survey area. Where the Government furnishes utilities, and where the quarters rental rates are established by the regional survey method, the utility rates shall be the regional average utility rates prescribed in this report - not the rates prevailing in the nearest established community. For this report only the water and sewer rates from American Samoa were applicable.

The regional average utility rates contained in this report include all applicable delivery charges, adjustments, taxes and surcharges. Charges for Government-provided appliances, services and furnishings will be based upon average costs in the United States.

B. WATER AND SEWER CONSUMPTION/COST CALCULATIONS

In accordance with OMB Circular No. A-45 and Departmental policies and guidelines, when utilities are furnished by the Government, charges shall be based upon regional average residential rates and consumption levels applicable to private rental housing in the survey region. For this report the region includes only American Samoa.

Thus, where the water service is unmetered, and where the Government furnishes water and sewer services, *including well water and septic waste disposal systems*, the regional average flat rate charges, shown below, shall be used. These charges are based upon (1) the monthly service costs (including taxes, service charges, etc.) in American Samoa; and (2) consumption levels (based on numbers of bedrooms) contained in planning guides published by the Department of Housing and Urban Development (HUD).

At the time of the survey no local water and sewer rates had been established by the local provider. Therefore, water and sewer rates will be prorated by FAA management back to the tenants after receiving bills from the local utility company.

C. GARBAGE/TRASH REMOVAL SERVICE RATES

In the case of garbage and trash hauling, as with other Government-provided services, OMB Circular No. A-45 requires the charges to be based upon the domestic rates for comparable services provided to occupants of private rental units in the survey area.

At the time of the survey no trash removal rates had been established by the local provider. Therefore, trash removal rates will be prorated by FAA management back to the tenants when bills are received.

D. CHARGES FOR APPLIANCES AND RELATED SERVICES

OMB Circular No. A-45 requires agencies to charge occupants of Government quarters for appliances, furnishings and services which the Government provides with the quarters. The charges for appliances, furnishings and services most typically provided by Federal agencies are found in Table 4. The monthly recapture cost of the items in Table 4 were determined from information gathered by contractors in the survey communities of all QMIS regions, and from special studies conducted by the QMIS Program Office.

Agencies providing appliances, furnishings or services that are not included in Table 4 are responsible for establishing an appropriate monthly charge which reflects the private market value of the item(s) provided. In such cases, the agency or bureau should advise the QMIS Program Office to ensure that subsequent regional survey reports include charges for all Government-provided appliances, furnishings and services.

TABLE 4 MONTHLY CHARGES FOR APPLIANCES & RELATED SERVICES

<u>APPLIANCES</u>		<u>SERVICES AND FURNISHINGS</u>	
Range (Gas / Electric) *	(+/-)	Storage Shed (Per Unit)	\$2.55
Refrigerator *	(+/-)	Furniture (Per Room)	11.90
Clothes Washer	3.90	Swimming Pool	
Clothes Dryer	3.30	Private Pool	60.00
Dishwasher	3.35	Community Pool	20.00
Microwave Oven	1.60	Satellite Dish	13.65
Trash Compactor	3.75	Cable Television	17.75
Freezer	2.00	Premium Channel (Each)	11.90
Freezer (Community)	1.00	Maid Service	59.35
Window Air Conditioner		Lawncare (Per Mowing)	
Refrigerated Unit	4.35	Houses (Excluding Plexes)	17.40
Evaporative (Swamp) Unit	3.25	All Other Classes	8.70
Free Standing Stove	3.85	Snow Removal (Per Removal)	10.70
Fireplace Insert	4.65	Firewood (Per Cord)	111.00
Lawn Mower	3.85		
Hot Tub	34.45	<u>ELECTRIC CREDITS</u>	
		Well pump (0-1 Bedroom)	1.00
		Well pump (2 Bedrooms)	1.60
		Well pump (3 Bedrooms)	2.35
		Well pump (4+ Bedrooms)	3.15
Community Laundry			
(Non-Coin) Operated)			
Washer Only	2.00		
Dryer Only	1.65		
Washer and Dryer	3.65	Sewer Lift Pump (0-1 Bedroom)	1.00
		Sewer Lift Pump (2 Bedrooms)	1.00
		Sewer Lift Pump (3 Bedrooms)	1.20
		Sewer Lift Pump (4+ Bedrooms)	1.60
ISOLATION ADJUSTMENT	2.48	Base Radio	1.00
		Remote Control Relay	1.00
		Sump Pump	1.00
		Radon Mitigation Fan	9.30

* If the Government provides one range and refrigerator, no additions or deductions are made.

If the Government does not provide a range or a refrigerator, deduct the amount shown above.

If the Government provides 2 or more ranges or refrigerators, add the amounts shown above for each appliance furnished in excess of one range and one refrigerator.

VII. ADMINISTRATIVE ADJUSTMENTS.

Once the MBRR is established, certain adjustments (e.g. for isolation and amenity deficiencies) are authorized by OMB Circular No. A-45. These administrative adjustments are established by OMB and are not derived from regional surveys conducted by the QMIS Program Office.

The administrative adjustments contained in OMB Circular A-45, and described below, are not authorized for dormitories, bunk houses, or transient quarters. This is because the rental rates for those housing classes are administratively established, through extensions of the principle of comparability, and are not based directly upon market comparability.

A. SITE AMENITY ADJUSTMENTS

Living conditions at some Government housing sites are not always the same as those found in the survey communities. In the communities surveyed, the amenities discussed below (and in OMB Circular A-45) are generally present and their contributory value is included in the contract rent and in the quarters MBRR's determined from the tables in this report. Thus, if any amenity listed below is present at the quarters site, no positive adjustment is made for that amenity because its presence has already accounted for in the MBRR. However, the lack of an amenity discussed below represents a less desirable condition that should be reflected as a **negative** percentage adjustment to the quarters MBRR or CPI-adjusted MBRR (CPI-MBRR), whichever is applicable.

1. **Reliability and adequacy of water supply.** The water delivery system at the quarters site should provide potable water (free of significant discoloration or odor) at adequate pressure at usual outlets. If the water delivery system at the quarters site does not meet these conditions, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

2. **Reliability and adequacy of electric service.** Electric service at the quarters site must equal or exceed a 100-ampere power system, and should provide 24-hour service under **normal** conditions. When evaluating the electric service, housing managers are reminded that OMB Circular A-45 recognizes that occasional temporary power outages are considered to be "**normal**" conditions. Furthermore, if an adequate back-up generator is available, then the electric service amenity will be considered to be reliable and adequate regardless of the reliability of the primary power source. When electric service is inadequate and unreliable, 3 percent should be deducted from the MBRR or CPI-MBRR whichever is applicable.

3. **Reliability and adequacy of fuel for heating, cooling and cooking.** There should be sufficient fuel storage capacity to meet prevailing weather conditions and needs. Where electricity is used as the heating, cooling or cooking "fuel", an adjustment can only be made when a deduction has been made for deficient electric service (see paragraph VII.A.2, above). If the fuel delivery/storage system is inadequate, 3 percent should be deducted from the MBRR or the CPI-MBRR, whichever is applicable.

4. **Reliability and adequacy of police protection.** Law enforcement personnel, including Government employees with law enforcement authority, should be available on a 24-hour basis. OMB Circular A-45 defines "**availability**" as the ability of law enforcement officers to respond to emergencies at the quarters site as quickly as a law enforcement officer in the nearest established community could respond to an emergency in the nearest established community.

OMB Circular A-45 further provides that where part-time officers serve the quarters site, the fact that the officers are part-time does not necessarily mean that they are less available than officers in the nearest established community. The important point is that the availability determination must be based on comparative response times (quarters site vs the nearest established community) - not the employment conditions of the officers serving the quarters site.

Finally, OMB Circular A-45 provides that gaps in availability due to temporary illness or injury, use of annual leave, temporary duties, training, or other short absences, do not render law enforcement personnel "unavailable" at the quarters site.

If, after applying these guidelines, it is determined that the law enforcement protection at the quarters site is unreliable and inadequate in comparison to the reliability and adequacy of law enforcement protection in the nearest established community, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

5. Fire insurance availability or reliability and adequacy of fire protection. Fire insurance should be available (for the quarters) with the premium charge based upon a rating equal to the rating available to comparable housing located in the nearest established community. Alternatively, adequate equipment, an adequate supply of water (or fire retardant chemical), and trained personnel should be available on a 24-hour basis to meet foreseeable emergencies. OMB Circular A-45 provides that **if either element is present (adequate insurance or an adequate fire fighting capability), no adjustment is authorized.** If both elements are missing, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

6. Reliability and adequacy of sanitation service. An adequately functioning sewage disposal system and a solid waste disposal system should be available. OMB Circular A-45 considers septic, cesspool or other systems adequate even though they may require periodic maintenance, as long as they are usable during periods of occupancy. If the sanitation service at the quarters site is unreliable or inadequate, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

7. Reliability and adequacy of telephone service. Access to commercial telephone facilities should be available on a 24-hour basis. Deductions (except as provided below) are not allowed for occasional temporary interruptions of telephone service. OMB Circular A-45 allows specific deductions for various levels of service and privacy. These are explained below.

a. The MBRR or CPI-MBRR (whichever is applicable) should be reduced by 3 percent if telephone service is not available within the quarters or within 100 yards of the quarters.

b. The MBRR or CPI-MBRR (whichever is applicable) should be reduced by 2 percent if there is no telephone service within the quarters, but telephone service (either private or party line) is available within 100 yards of the quarters.

c. The MBRR or CPI-MBRR (whichever is applicable) should be reduced by 1 percent if telephone service is available in the employee's quarters, but the service is not private line service and/or the service is not accessible on a 24-hour per day basis.

8. **Noise and odors.** If there are frequent disturbing or offensive noises and/or odors at the quarters site, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

9. **Miscellaneous improvements.** One or more of the following improvements should be available at the quarters site: paved roads/streets, sidewalks or street lights. If any one of these improvements is present, no deduction is authorized. If all three of these improvements are missing (i.e., there are no paved roads/streets **and** there are no sidewalks, **and** there are no street lights), 1 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

B. ISOLATION ADJUSTMENT

In some cases, Government quarters are located far from the nearest established community (see paragraph IX.C for the Office of Management and Budget's (OMB's) definition of "established community"). In addition, different modes of transportation (travel categories) may serve to further isolate the quarters from the nearest established community. In situations where the quarters location and the travel categories meet the requirements contained in OMB Circular A-45, an isolation adjustment should be applied. To determine whether an isolation adjustment applies, and the amount of the adjustment (if one does apply), you should follow the steps in the Isolation Adjustment Computation Schedule, shown on the following page. This schedule is a (modified) reproduction of the appendix to OMB Circular A-45, and is included in this report for illustrative purposes, only. Therefore, you should use the form prescribed by your agency or bureau when documenting the isolation adjustment.

Isolation Adjustment Computation

- *Step 1.* Determine the one-way distance in miles (from the quarters to the nearest established community) for each category of transportation listed in Figure 1. Enter mileage(s) in the appropriated block(s) under Column B.
- *Step 2.* Multiply mileage figures entered in Column B by point values listed in Column A for each affected category of transportation to produce one-way points for each category. Add 29 points to the category 4 subtotal and 27 points to the category 5 subtotal to reflect relative differences in cost or time by use of these modes of travel.
- *Step 3.* Add all categories of one-way points in Column C to produce one-way points. (The total must exceed 30 points or there is no adjustment for isolation.)

Figure 1

<u>Category of Travel</u>	<u>Column A Point Value</u>		<u>Column B One-way Miles</u>			<u>Column C One-way Points</u>
(1) Paved road or rail	1.0	X	___	=		___
(2) Unpaved but improved road	1.5	X	___	=		___
(3) Unimproved road	2.0	X	___	=		___
(4) Water, snowmobile, pack animal, foot or other special purpose conveyance	2.5	X	___	=	___+29	___
(5) Air	4.0	X	___	=	___+27	___
TOTAL ONE-WAY POINTS				=		___

- *Step 4.* Calculate the Isolation Adjustment Factor (IAF) using the following formula: Multiply 2 (to reflect round-trip points) by 4 (to reflect number of trips per month) and then multiply by \$x.xx (GSA's current automobile allowance). For example, the GSA mileage allowance, as of the date of this report, is \$0.31 per mile, resulting in a IAF of 2.48.

ISOLATION ADJUSTMENT FACTOR = 2.48

- *Step 5.* Multiply total adjusted points by the Isolation Adjustment Factor to produce the monthly adjustment for isolation (rounded to the nearest whole dollar).

MONTHLY ADJUSTMENT = ___

C. LOSS OF PRIVACY

Some quarters occupants are subject to a loss of privacy during non-duty hours by virtue of **public visits which occur several times daily**. In other cases, quarters occupants may be **inhibited from enjoying the full range of activities normally associated with living in private rental housing** (such as where restrictions are imposed on activities in quarters at national cemeteries, or where quarters are in view of prison inmates). In such cases, OMB Circular A-45 allows a deduction from the MBRR or CPI-MBRR (whichever is applicable) of up to 10 percent. OMB Circular A-45 instructs housing managers to establish proportional adjustments to reflect situations of less frequency or seriousness in their impact upon privacy or usage, or to reflect seasonal variations.

D. EXCESSIVE OR INADEQUATE SIZE

Quarters occupants are sometimes provided dwellings that are excessively large or small for their needs. This may be because the range and variety of quarters available at an installation may be much less than that which is available in private rental markets. In such cases, OMB Circular A-45 allows a deduction from the MBRR or the CPI-MBRR (whichever is applicable) of up to 10 percent. The Circular instructs that the deduction should be in direct proportion to the degree of excess or inadequacy, and that the deduction must not continue beyond one month after suitable quarters are made available. Before this adjustment is applied, local housing managers should consult with managers within their agencies or bureaus to determine whether other alternatives (such as closing off rooms and other excess space) would offer a more suitable means of adjustment.

E. LIMITATIONS TO ADMINISTRATIVE ADJUSTMENTS

Administrative adjustments cannot be applied without limit. OMB Circular A-45 provides that the MBRR or CPI-MBRR cannot be reduced by more than 50 percent unless an isolation is authorized and applied. For quarters which receive an isolation adjustment, the MBRR or CPI-MBRR may not be reduced by more than 60 percent. These limitations do not apply to excessive heating or cooling adjustments, which are described in paragraph IX.A of this report.

VIII. CONSUMER PRICE INDEX ADJUSTMENTS

OMB Circular A-45 requires annual verification, and adjustment (when necessary) of the following rental components that are presented in this report: (1) the Monthly Base Rental Rates (MBRR's); (2) the charges for related facilities (utilities, appliances, furnishings and services); and (3) the Isolation Adjustment Factor (IAF). These verifications and adjustments are to be made, essentially, in each interim year between baseline regional surveys.

Generally, OMB Circular A-45 specifies that these changes are to be based upon September index levels of specified components of the Consumer Price Index (CPI); and the GSA temporary duty mileage allowance in effect as of September 30, of each year. These changes must be implemented at the beginning of the first pay period in March of each following year.

The QMIS Program Office is responsible for determining the amounts of these changes, and for providing QMIS Program participants with the information, the software and the instructions needed to implement the required changes. This information is usually distributed to each National Quarters Officer in November of each year. National, regional or installation quarters managers (as required by your agency or bureau) are responsible for implementing these annual rental adjustments.

IX. OTHER OMB CIRCULAR A-45 RENT CONSIDERATIONS

A. EXCESSIVE HEATING OR COOLING COSTS

OMB Circular A-45 authorizes a deduction from the Monthly Base Rental Rate (MBRR) or the Consumer Price Index - adjusted Monthly Base Rental Rate (CPI-MBRR), whichever is applicable, when quarters are unusually costly to heat or cool. This adjustment is allowed only when (1) the excessive heating or cooling costs are due to the poor design of the quarters or the lack of adequate insulation/weather-proofing; and (2) when the energy/fuel used for heating and/or cooling is metered. This adjustment will vary from quarters-to-quarters, but is the difference between the actual heating and/or cooling costs paid by the quarters occupant and 125 percent of the cost of heating and/or cooling a comparable (but adequately constructed and insulated) dwelling located in the same climate zone. For more information on this adjustment, you should consult your agency or bureau policies.

B. INCREMENTAL ADJUSTMENTS

New baseline regional surveys or annual CPI adjustments may occasionally increase quarters rents by more than 25 percent. When this occurs, OMB Circular A-45 allows housing managers to impose the increase incrementally over a period of not more than one year. The Circular also requires that such increases must be applied in equal increments on at least a quarterly basis.

C. ESTABLISHED COMMUNITY

OMB Circular A-45 has established the following minimum standards for use in determining which population centers (cities, towns, etc.) may be used as "established communities" when determining quarters rents.

1. An established community must have a year-round population of 1,500 or more (5,000 or more in Alaska). The population determinations must be based upon the most recently conducted decennial census.
2. An established community must have at least one doctor and one dentist, who are available to all quarters occupants on a non-emergency basis.
3. An established community must have a private rental market with housing available to the general public. This requirement excludes communities on military posts, Indian reservations and other Government installations which may meet the other criteria contained in paragraphs IX.C.1 and 2, above.